

TOWN OF NEWTOWN

**REQUEST FOR PROPOSALS (RFP)
PROFESSIONAL AUDITING SERVICES
GENERAL INSTRUCTIONS**

DUE: February 28, 2022 11:00 A.M.

The Town of Newtown (here after referred to as the Town) is soliciting proposals from qualified firms of Certified Public Accountants registered with the Connecticut State Board of Accountancy and licensed to practice in the State of Connecticut for the preparation of both financial and compliance audit reports for the fiscal year ending June 30, 2022 with the option of annual renewals for each of the four (4) subsequent fiscal years. These audits are to be performed in accordance with generally accepted auditing standards, the standards set forth for financial audits in the U.S. General Accounting Office's (GAO) Government Auditing Standards, the provisions of the Federal Single Audit Act of 1984, the Single Audit Act Amendments of 1996 and U.S. Office of Management and Budget (OMB) Circular A-133 Audits of States, Local Governments, and Non-profit Organizations and the provision of the Connecticut State Single Audit Act (codified in Sections 4-230 through 4-236 of the Connecticut General Statutes as amended by P.A. 98-143).

Responses to this RFP shall be submitted to the Town of Newtown's Finance Director's Office at the date and time noted above. All proposals must be clearly marked **RFP –AUDIT SERVICES**. No oral, telephonic, emailed, or faxed responses shall be considered. No oral, telephonic, emailed, or faxed corrections, deletions, or additions to any response shall be accepted. The Town reserves the right to reject any or all responses, and to waive any or all formalities in connection with this request. Any responses received after the above scheduled due date and time shall not be accepted or considered.

1. AGREEMENT

The Town shall, upon mutually agreed to and acceptable terms and conditions with the successful firm, shall enter into a formal agreement for professional audit services for a mutually agreed to period of time. The Town reserves the right, subject to mutual agreement with the successful firm, to extend the terms of this agreement for a mutually agreed upon period of time.

2. CANCELLATION OF AGREEMENT

The Town reserves the right to cancel any contract/agreement, at any time, within sixty (60) days prior written notice to the firm, should any of the following conditions exist:

- The scope of proposed coverage and services, as included in the RFP, are not met.
- The Town, through changes in its requirements, method of operation, or program operation no longer has a need for the service.

3. INSURANCE REQUIREMENTS

The selected firm, upon receiving authorization to proceed, shall be required to deliver an insurance certificate in amounts, companies, and terms acceptable to the Town.

The firm selected shall provide evidence of insurance coverage from a company or companies with an A.M. Best rating of A- (VII) or better. Such insurance will protect and indemnify the

Town from claims which may arise out of or result from any obligation under this agreement, whether such obligations are the firm's or those of a subcontractor or any person or entity directly or indirectly employed by said firm. Minimum coverage is as follows:

1. **Workers Compensation:** Firm shall provide workers' compensation and employers' liability insurance that complies with the regulations of the State of Connecticut with limits no less than \$100,000 each accident by bodily injury; \$100,000 each accident by disease and a policy limit of \$500,000.
2. **Commercial General Liability Insurance:** Firm shall provide commercial general liability insurance policy that includes products, operations and completed operations (with no exclusion for sexual abuse or molestation). Limits should be at least: Bodily injury & property damage with an occurrence limit of \$1,000,000: Personal & advertising injury limit of \$1,000,000 per occurrence: General aggregate limit of \$2,000,000 (other than products and completed operations): Products and completed operations aggregate limit of \$2,000,000. The policy shall name the Town of Newtown as an additional insured. Such coverage will be provided on an occurrence basis and will be primary and shall not contribute in any way to any insurance or self-insured retention carried by the Town. Such coverage shall contain a broad form contractual liability endorsement or similar wording within the policy form.
3. **Commercial Automobile Insurance:** Firm shall provide commercial automobile insurance for any owned autos (symbol 1 or equivalent) in the amount of \$1,000,000 each accident covering bodily injury and property damage on a combined single limit basis. Such coverage shall also include hired and non-owned automobile coverage.
4. **Professional Liability/Errors Omissions:** Firm shall provide errors/omissions coverage in the amount of no less than \$1,000,000 for any one wrongful act and \$1,000,000 in the aggregate.

As to the insurance required, the insurer(s) and/or their authorized agents shall provide the Town with certificates of insurance prior to execution of the agreement by the Town, describing the coverage.

4. AWARDING THE SERVICES

The services shall be awarded to the firm whose qualifications are deemed to best provide the services desired, taking into account the requirements, terms and conditions contained in the request for proposals and the criteria for evaluating proposals.

5. SUBMISSION OF QUESTIONS

Questions relating to this request for proposals must be submitted in writing to the following (emailed questions are acceptable):

Newtown Municipal Center
Finance Director's Office
3 Primrose Street
Newtown, CT 06470
Attn. Robert Tait

Email: Robert.tait@newtown-ct.gov

To ensure consistent interpretation of certain items, answers to questions the Town deems to be in the interest of all will be made available to all other respondents.

6. PROPOSAL SUBMISSION

Four (4) complete sets of the proposals are to be submitted to the Town no later than **February 28, 2022 at 11:00 A.M.** clearly labeled as follows: **RFP –AUDIT SERVICES** and shall be addressed and mailed or hand delivered to:

Newtown Municipal Center
Finance Director’s Office
3 Primrose Street
Newtown, CT 06470
Attn. Robert Tait

7. ACCEPTANCE OR REJECTION AND NEGOTIATION OF PROPOSALS

The Town reserves the right to reject any or all proposals, to waive any irregularities in the request for proposal, and to accept or reject any item or combination of items. By requesting proposals, the Town is in no way obligated to award a contract or to pay expenses of the proposing firms in connection with the preparation or submission of a proposal. Furthermore, the Town reserves the right to reject any and all proposals prior to the execution of the contract, with no penalty to the Town of Newtown.

8. SCOPE OF AUDITOR SERVICES

I. DESCRIPTION OF THE GOVERNMENT

A. Contact Persons/Locations of Offices

Robert Tait
Finance Director
Town of Newtown
Finance Office
3 Primrose Street
Newtown, CT 06470

Tanja Vadas
Director of Business
Town of Newtown
Board of Education
3 Primrose Street
Newtown, CT 06470

Other Town Department contacts will be supplied as required. The auditor’s principal contact with the Town of Newtown will be Robert Tait, Finance Director. The principal contact for the Board of Education will be Tanja Vadas, Director of Business.

B. Software

The financial software packages utilized by the Town of Newtown are eFinance Plus (Town & Board of Education – one data base) and Quality Data (Tax).

C. Background Information

General information about the Town can be obtained within the Town's current and past Comprehensive Annual Reports available on the Town of Newtown website at <http://www.newtown-ct.gov/finance-department>

D. Availability of Prior Audit Reports and Working Papers

Interested proposers who wish to review prior years' audit reports and management letters should contact Robert Tait, Finance Director, 3 Primrose Street, Newtown, CT 06470.

II. NATURE OF SERVICES REQUIRED

A. General

The Town is soliciting the services of qualified firms of Certified Public Accountants to audit its financial statements for the fiscal year ending June 30, 2022 with the option of annual renewals for each of four (4) subsequent fiscal years. These audits are to be performed in accordance with the provisions contained in this request for proposals. In addition, you will need to prepare the Town's Comprehensive Annual Financial Report (CAFR)

B. Scope of Work to be Performed

The Town of Newtown desires the auditor to express an opinion on the fair presentation of its basic financial statements in conformity with generally accepted accounting principles. The auditor shall also be responsible for performing certain limited procedures involving required supplementary information required by the Governmental Accounting Standards Board, as mandated by generally accepted auditing standards.

An initial draft of the financials (in spreadsheet form) will be prepared by the Town and given to the auditor. Final report preparation and necessary editing shall be the responsibility of the Auditor. Reproduction of reports is discussed in Section V below.

Auditor shall submit for management review a draft of all reports. The final reports are subject to review by the Finance Director. Auditor shall incorporate, as part of the basic proposal, meeting time with Staff and the Legislative Council for the purpose of discussing the audits or management letter and its conclusions.

C. Auditing Standards to be Followed

To meet the requirements of this request for proposals, the audit shall be performed in accordance with generally accepted auditing standards as set forth by the American Institute of Certified Public Accountants, the standards for financial audits set forth in the U.S. General Accounting Office's (GAO) Government Auditing Standards, the provisions of the Federal Single Audit Act of 1984, the Single Audit Act Amendments of 1996 and U.S. Office of Management and Budget (OMB)

Circular A-133 Audits of States, Local Governments, and Non-profit Organizations and the provision of the Connecticut State Single Audit Act (codified in Sections 4-230 through 4-236 of the Connecticut General Statutes as amended by P.A. 98-143), pronouncements of the Governmental Accounting Standards Board and its predecessors, pronouncements of the Financial Accounting Standards Board to the extent they are applicable to State and local governments, and any additional requirements of the State of Connecticut or other grantors.

III. REPORTS TO BE ISSUED

Following the completion of the audit of the fiscal year's financial statements, the auditor shall issue:

1. A report on the fair presentation of the financial statements in conformity with generally accepted accounting principles in the United States.
2. A report on compliance with applicable provisions of laws, regulations, contracts and grants.
3. A combined report on the schedule of expenditures of State Financial Assistance and Federal Financial Assistance.
4. A report on compliance and on internal control over financial reporting based on an audit of the general purpose financial statements performed in accordance with government auditing standards.
5. An agreed upon procedures report for the State of Connecticut related to the Town of Newtown's ED001/ED006 reports.
6. In the required report(s) on internal controls, the auditor shall communicate any reportable conditions found during the audit. A reportable condition shall be defined as a significant deficiency in the design or operation of the internal control structure, which could adversely affect the organization's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

Significant deficiencies that are also material weaknesses shall be identified as such in the report.

Other recommendations discovered by the auditors shall be reported in a separate letter to management, which shall be referred to in the report(s) on internal controls.

The reports on compliance shall include all instances of noncompliance.

Auditors shall be required to make an immediate written report of all irregularities and illegal acts or indications of illegal acts of which they become aware to the following individuals.

Finance Director / Director of Business
First Selectman
Chairman of the Legislative Council

IV. SPECIAL CONSIDERATIONS

1. The Town currently anticipates it will prepare Official Statements in connection with the sale of debt securities which will contain the general purpose financial statements and the auditor's report thereon. In addition, the general purpose financial statements and the Auditor's report thereon will be used in connection with providing annual financial information to all NRMSIRs (Nationally Recognized Municipal Securities Information Repositories.) The auditor, by executing a contract, agrees to the inclusion in any official statements, NRMSIR filing, or disclosure document in conjunction with any issuance of debt, of the general purpose financial statements, the opinion thereon and any supplemental and supporting information in the audit report as well as to furnish the Town with a "consent and citation of expertise" as the auditor and any necessary "comfort letters".
2. The Town of Newtown has received awards from the Government Finance Officers Association (GFOA) for the "Certificate of Achievement for Excellence in Financial Reporting" for the last ten years. The Town has not yet received the results of the review of the report for the period ending June 30, 2021. The Town anticipates that it will continue to send its comprehensive annual financial report to the Government Finance Officers Association (GFOA) for review in their Certificate of Achievement for Excellence in Financial Reporting program. The format of reports shall allow the Town to meet the requirements of that program. This also requires that the Auditor ensure that the audit report and financial statements are complete in time for submission to GFOA. The Auditor shall also assist with developing responses to any comments or deficiencies noted by GFOA.
3. The schedule of State and Federal financial assistance and related auditor's report, as well as the reports on the internal controls and compliance are to be issued separately from the comprehensive annual financial report.
4. The formal and official Town accounting records are maintained by the Finance Director. The formal and official accounting records for the Board of Education are maintained by the Director of Business.
5. Financial statements will include the effect of any new Governmental Accounting Standards Board Statements. The audit firm selected must provide an analysis of these statements well before the implementation date and discuss modifications that will need to be made to the present method of accounting and reporting the town's financial activities. In addition, the audit firm must keep the Finance Director updated on a timely basis of all new accounting guidelines through conferences and firm publications.
6. The selected firm will be available throughout the year to offer advice, to the Finance Director or Business Director on financial matters that may arise therein. Such advice or comments will be at no additional charge, and is expected to be covered by the overall project fees.

7. The Town of Newtown administers a defined benefit pension plan. The audit firm should have knowledge of and experience implementing GASB 67 and 68.

V. WORKING PAPER RETENTION AND ACCESS TO WORKPAPERS

All working papers and reports must be retained, at the auditor's expense, for a minimum of three (3) years, unless the firm is notified in writing by the Town of Newtown of the need to extend the retention period. The auditor will be required to make working papers available, upon request by the Town of Newtown.

In addition, the firm shall respond to reasonable inquiries of successor auditors and allow successor auditors to review working papers relating to matters of continuing accounting significance.

VI. IMPLIED REQUIREMENTS

All services not specifically mentioned in this request for proposals that are necessary to provide the functional capabilities described by the auditor shall be included in the scope of work performed.

VII. ASSISTANCE TO BE PROVIDED BY THE TOWN

- A. Town Staff will prepare the final closing of the books. The Town will provide the auditors with Trial Balances for each Fund and all of the accounting detail necessary to perform the audit. The Town will prepare a draft of the report (in spreadsheet format).
- B. Town Staff will generate the necessary confirmation letters prepared by the Auditor.
- C. Town Staff will be available during the audit to assist the auditor by providing information, documentation and explanations. All requests will first be directed to the Finance Director.
- D. Town will provide the auditor with reasonable workspace. Auditor will also be provided reasonable access to a photocopier and scanner.
- E. As part of the prior audits, the auditor assisted with the preparation of the government – wide financial statements and related notes to those financial statements. The Town designated an individual with suitable skill, knowledge, and experience to oversee the auditor services. Auditor assistance is due to lack of Town staff (however the finance department does have the skill, knowledge, and experience). A color coded CAFR will be provided to show what part has been typically prepared by the auditor and what part has typically been prepared by the Town.

VIII. NUMBER OF COPIES OF REPORTS

- A) CAFR - 40 bound copies and a pdf file
- B) Management and SAS 114 Letters - 25 bound copies and a pdf file
- C) Federal and State Single Audit, if applicable, 40 bound reports and a pdf file

IX. TENTATIVE SCHEDULE

Auditor Selection

Due Date for proposals	February 28, 2022
Review of Proposals	March 01 – March 15, 2022
Appointment by Legislative Council	March 16, 2022

Date Audit May Commence

The Town of Newtown will have preliminary records and electronic downloads of account detail ready for inspection and all management personnel available to meet with the firm's personnel as of May 1, 2022. A trial balance for all the funds will be available the third week of September or sooner. The Finance Director maintains complete work papers in support of trial balances for all funds and supporting documentation for the notes to the financial statements.

Date Draft and Final Reports are Due

The auditor shall submit draft financial statements, notes and all required supplementary schedules by December 1, 2022 (or soon thereafter).

The Finance Director and appropriate Board of Education Representatives will complete their review of the draft report as expeditiously as possible. It is expected that this process should not exceed one week. During that period, the auditor should be available for any meetings that may be necessary to discuss the audit reports. Once all issues for discussion are resolved, the final signed report shall be delivered to the Finance Director. It is anticipated that this process will be completed and the final report delivered no later than December 15, 2022.

The ED001 and related schedules and reports shall be certified by December 15, 2022.

X. TECHNICAL PROPOSAL

A. General Requirements

The purpose of the technical proposal is to demonstrate the qualifications, competence and capacity of the firms seeking to undertake an independent audit of the Town of Newtown in conformity with the requirements of this request for proposals. As such, the substance of proposals will carry more weight than their form or manner of presentation. The technical proposal should demonstrate the qualifications of the firm and of the particular staff to be assigned to this engagement. It should also specify an audit approach that will meet the request for proposal requirements.

The technical proposal should address all the points outlined in the request for proposals. The proposal should be prepared simply and economically, providing a straightforward, concise description of the proposer's capabilities to satisfy the requirements of the request for proposals. While additional data may be presented, the following subjects, items B. through I., must be included. They represent the criteria against which the proposal will be evaluated.

B. Independence

The firm should provide an affirmative statement that it is independent of the Town of Newtown as defined by generally accepted accounting standards and the U.S. Comptroller General Governmental Auditing Standards.

The firm should also list and describe the firm's professional relationships involving the Town of Newtown as defined by general accepted auditing standards.

The firm should also list and describe the firm's professional relationships involving the Town of Newtown or any of its agencies or Public Officers or employees for the past five (5) year's, together with a statement explaining why such relationships do not constitute a conflict of interest relative to performing the proposed audit.

In addition, the firm shall give the Town of Newtown written notice of any professional relationships entered into during the period of this agreement with the Town of Newtown or any of its agencies or Public Officers or employees.

C. License to Practice in Connecticut

An affirmative statement should be included indicating that the firm and all assigned key professional staff are properly licensed to practice in Connecticut.

D. Firm Qualification and Experience

The proposal should state the size of the firm, the size of the firm's governmental audit staff, the location of the office from which the work on this engagement is to be performed and the number and nature of the professional staff to be employed in the engagement on a full-time basis and the number and nature of the staff to be so employed on a part-time basis.

If the proposer is a joint venture or consortium, the qualification of each firm comprising the joint venture or consortium should be separately identified and the firm that is to serve as the principal auditor should be noted, if applicable.

The firm is also required to submit a copy of the report on its most recent external quality control review, with a statement whether that quality control review included a review of specific government engagements.

The firm shall also provide information on the results of any federal or state desk reviews or field reviews of its audits during the past three (3) years. In addition, the firm shall provide information on the circumstances and status of any claims filed and any disciplinary review or action taken or pending against the firm during the past three (3) years with state regulatory bodies or professional organizations.

E. Partner, Supervisory and Staff Qualifications and Experience

The firm should identify the principal supervisory and management staff, including engagement partners, managers, other supervisors and specialists, who would be assigned to the engagement and indicate whether each such person is licensed to practice as a Certified Public Accountant in Connecticut. The firm also should provide information on the government auditing experience of each person.

The firm should provide as much information as possible regarding the number, qualifications and experience of the non-supervisory staff to be assigned to this engagement. The firm also should indicate how the quality of staff over the term of the agreement will be assured.

Engagement partners, managers, other supervisory staff and specialists may be changed if those personnel leave the firm, are promoted or are assigned to another office. These personnel may also be changed for other reasons, with the express prior written permission of the Town of Newtown. However, in either case, the Town of Newtown retains the right to approve or reject replacements.

Other audit personnel may be changed at the discretion of the proposer provided that replacements have substantially the same or better qualifications or experience.

F. Prior Engagements with the Town of Newtown

List separately all engagements within the last five (5) years, ranked on the basis of total staff hours, for the Town of Newtown by type of engagement (i.e., audit, management advisory services, other).

G. Similar Engagements with other Governmental Entities

For the firm's office that will be assigned responsibility for the audit, list the most significant municipal engagements (maximum of five (5)) performed in the last five years that are similar to the engagement described in this request for proposals. These engagements should be ranked on the basis of total staff hours.

Indicate the scope of work, date, engagement partners, total hours, and the name and telephone number of the principal client contact.

H. Identification of Anticipated Potential Audit Problems

The proposal should identify and describe any anticipated potential audit problems, the firm's approach to resolving these problems and any special assistance that will be requested from the Town of Newtown.

NOT TO EXCEED PRICE FOR PROPOSED SERVICES SCHEDULE

In accordance with the Request for Proposal for Audit Services issued by Town of Newtown, the firm referenced below hereby submits the following cost proposal:

	<u>Year Ended June 30th</u>				
	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>
Basic Reports to Be Issued					
Town audit, including CAFR and Report of Internal Controls					
Single Audit Act Report					
Federal Single Audit					
Total	_____				
	=====				

I hereby certify that the undersigned is authorized to represent the firm stated above, and empowered to submit this bid, and if selected authorized to sign a contract with the Town, for the services identified in the Request for Proposals.

Firm Name: _____

Signature: _____

Printed Name: _____

Title: _____

Date: _____

TOWN OF NEWTOWN

APPENDIX A

PROPOSER GUARANTEES AND PROPOSER WARRANTIES

Proposer Guarantees

The proposer certifies it can and will provide and make available, at a minimum, all services set forth in Section II, Nature of Services Required.

Proposer Warranties

1. Proposer warrants that it is willing and able to comply with State of Connecticut laws with respect to foreign (non-state of Connecticut) corporations.
2. Proposer warrants that it is willing and able to obtain an errors and omissions insurance policy providing a prudent amount of coverage for the willful or negligent acts, or omissions of any officers, employees or agents thereof. (Minimum amount: \$1,000,000)
3. Proposer warrants that it will not delegate or subcontract its responsibilities under an agreement without the express prior written permission of the Town of Newtown.
4. Proposer warrants that all information provided by it in connection with this proposal is true and accurate.

Signature of Official: _____

Name (typed): _____

Title: _____

Firm: _____

Date: _____